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Public Courses Get Mired in Golfing Slump

Once Seen as a Municipal Money Maker, Links Have Become a Financial Burden for Cities as the Sport's Popularity Slips



Councilman Tom Means, at Mountain View's Shoreline Golf Links, says the city might have an outside company operate the struggling course.

Already struggling to balance their budgets in the face of falling revenue, Bay Area cities have been pushed deeper into the financial rough by the golfing bust.

In Mountain View, the city council is discussing how to reverse the \$700,000 annual loss being racked up by the public Shoreline Golf Links. San Jose officials are considering selling one of that city's three public courses to find new money for police and libraries and pay down about \$27 million in golf-related debt. City-owned courses in Mill Valley and Alameda also have been operating in the red.

"Before, golf was the big money maker in our town," said Tom Means, a Mountain View city council member and an enthusiastic golfer. Fridays used to see Shoreline and other local courses packed; now, he said, "it's just like dead."

In the past, cities expected courses to make money. In bad years, it wasn't a big deal to absorb a small financial loss. But now that many cities are struggling with cuts to services like police and libraries, it has become harder to justify subsidizing a golf course.

The golf downturn began a decade ago, and has been exacerbated in the past few years by the weak economy. The game's popularity in the U.S. peaked in 2000, the heady days of Tiger Woods's prime. At the time, said San Jose Mayor Chuck Reed, "Everybody thought we were way undergolfed and didn't have enough golf courses."

San Jose took on more than \$27 million in debt to open one new course in 2000 and another one two years later.

But since then, golf participation has shrunk. Golfers played 500 million rounds in the U.S. in 2000, according to the National Golf Foundation. Last year they played about 475 million.

The decline has been even sharper for some public courses in the Bay Area.

Sunnyvale's two municipal courses had 190,757 rounds played in 2000; in 2010 that number dropped to 134,312.

"While golf course industry professionals are now hopeful that recent declines have reached a bottom, continued pressure from the recent economic downturn and the relatively high unemployment rates may prevent the near term upswing that was previously anticipated," Sunnyvale officials wrote in a recent city report. To generate new interest, the city is offering free youth programs and improving access for golf carts.

The Sunnyvale courses still operate in the black. But other cities have seen losses pile up over the past three years. "Golf is largely down everywhere," said Mill Valley Finance Director Eric Erickson.

The town's golf course is expected to lose more than \$92,000 in the current fiscal year, after losing \$134,300 last year and more than \$85,000 the year before. Mill Valley officials say they are looking for ways to make the course profitable.

San Jose and Mountain View also are examining their courses' finances. The three municipal courses in San Jose have had diverging fortunes since the 2001 bust. The oldest course, San Jose Municipal, has done fairly well. The course, which the city leases to a private operator, made about \$431,000 in profit for the city in the most recent fiscal year.

In contrast, the nine-hole Rancho del Pueblo course, which opened in 2000, and 18-hole Los Lagos course, which opened in 2002, have sunk into the red.

The city a decade ago expected the courses to operate at a surplus and be able to cover their debt service. Instead, Los Lagos, which lost \$15,480 last year, has never been able to cover its debt service. Rancho del Pueblo lost almost \$280,000 last year.

The prospect of municipal courses closing worries some private course operators that sometimes compete with city links. Ted Horton, president of the California Alliance for Golf, a trade group of course operators, says city-run courses help bring people into the sport. "The industry feels that it's quite problematic," he said.

In San Jose, Mayor Reed is now proposing a deal to sell Rancho del Pueblo to a developer to turn it into housing, and to use the resulting money to pay off the \$27 million in remaining debt the city has for developing the two courses. Doing so, Mr. Reed said, could help the city keep libraries or community centers open.

The sale plan is facing some opposition in San Jose. Councilman Xavier Campos, whose district includes the Rancho del Pueblo course, argues that developing the gold course land would increase congestion and take away one of the only pieces of open space in the area. The course also provides a low-cost opportunity to play golf for residents who otherwise wouldn't have the opportunity.

Rates at the Bay Area's municipal courses range from \$10 for seniors playing at the nine-hole Rancho del Pueblo to more than \$50 to play on a weekend at a course like Shoreline in Mountain View. Privately owned courses in the area often cost \$70 or more for weekday tee times and more than \$100 on weekends.

"Selling off the city's open space for more housing will only benefit the future developer, not the taxpayers, and does nothing to solve our long-term fiscal imbalance," Mr. Campos said.

In Mountain View, Mr. Means said the city isn't planning such drastic steps for Shoreline Golf Links, which opened in 1983, but was repeatedly renovated through the 1990s.

The city is exploring a deal to have an outside company operate the course, though Mr. Means said that might be difficult because unionized city employees currently work there. Mountain View also has been spending to make the course more appealing by filling in ponds that attract messy Canada geese.

In the past, said Messrs. Means and Reed, the Mountain View and San Jose city councils likely would have been willing subsidize money-losing courses during a downturn in the belief that interest would pick up as the economy improved. But with golf's popularity problems, they aren't sure the sport will rebound.

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